

Message Text

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FM AMEMBASSY BUDAPEST

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INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

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AMEMBASSY PRAGUE

AMEMBASSY SOFIA

/AMEMBASSY WARSAW 1953

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C O N F I D E N T I A L SECTION 1 OF 5 BUDAPEST 3555

LIMDIS

EE.O. 11652: GDS

TAGS: PFOR, CSCE, HU

SUBJ: IMPLEMENTATION OF CSCE

REF: (A) STATE 191457

(B) BUDAPEST 2514

(C) BUDAPEST 2663

(D) BUDAPEST 3547

1. HERE IN BUDAPEST WE HAVE GIVEN SOBER THOUGHT AND CAREFUL STUDY TO CSCE IMPLEMENTATION. DIRECT, PERSONAL, MODERATE, ONE-TIME APPROACH TO FONMIN PUJA POSSES CERTAIN APPEAL: IT GIVES OFFICIAL NOTIFICATION TO THE HUNGARIAN FONMIN HIMSELF OF U.S. INTENTIONS AND U.S. PRIORITIES; BUT -- HARKING BACK TO H. L. MENCKEN'S DICTUM THAT FOR EVERY PROBLEM ONE ENCOUNTERS, THERE IS A SIMPLE, CONFIDENTIAL

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OBVIOUS, LOGICAL SOLUTION THAT IS INEVITABLY WRONG-- WE

PREFER, SUBJECT OF COURSE TO THE DEPARTMENT'S GUIDANCE, TO PURSUE A CIRCUITOUS ROUTE IN AN ATTEMPT TO REACH THE REAL SEAT OF POWER--THE CENTRAL COMMITTEE OF THE HUNGARIAN SOCIALIST WORKERS' PARTY (HSWP). THE PHASED APPROACH WHICH WE ADVOCATE DELIBERATELY AVOIDS ANY CONTACT WITH DEPUTY FOREIGN MINISTER JANOS NAGY, OUR NORMAL INTERLOCUTOR ON SUCH MATTERS. HE IS BY ALL ACCOUNTS AND IN ACTUAL FACT THE GOH'S OUTSTANDING AUTHORITY ON THINGS AMERICAN, AND HUNGARY'S MOST WIDELY RESPECTED INTERPRETER OF THEM. IT IS OUR PURPOSE TO CREATE A SET OF CONDITIONS WHERE OTHER HUNGARIANS WILL CONSULT WITH NAGY AND SEEK HIS ADVICE BUT TO AVOID PUTTING HIM IN UNENVIABLE POSITION OF FUNCTIONING AS INTERCESSOR FOR THE U.S. WITH HIS OWN COUNTRYMEN. NAGY IS PERHAPS KEY TO THE SUCCESS OR FAILURE OF WHAT WE PROPOSE TO DO; BUT, IF WE ARE TO SUCCEED, WE SHOULD NOT TARNISH HIS CREDENTIALS.

2. ABOVE AND BEYOND ALL ELSE WE SEEK TO ESTABLISH PRECEDENT FOR RECOGNIZED AND, AT VERY LEAST, INTERMITTENT FUTURE CONTACT WITH HSWP IN PERSON OF ANDRAS GYENES. GYENES, IT WILL BE RECALLED, RECEIVED DEPUTY SECRETARY INGERSOLL DURING LATTER'S SEPTEMBER 1975 VISIT AT PARTY HEADQUARTERS. SEEKING TO CONFER WITH GYENES UNDER HIS OTHER HAT, AS CHAIRMAN OF FOREIGN AFFAIRS COMMITTEE OF HUNGARIAN PARLIAMENT, WE HOPE TO CONSOLIDATE THAT CONTACT AND IN DUE COURSE STRENGTHEN/EXPAND IT. IF WE SUCCEED, U.S. WILL THEN BEGIN -- LIKE "SOCIALIST COUNTRIES" AND FRG--TO HAVE SOME TENOUS BUT DIRECT PERSONAL CONTACT WITH HSWP CENTRAL COMMITTEE, WHICH IS SOLE DECISION-MAKING POLICY BASE IN ALL OF HUNGARY. OUR PRESENT METHOD OF DISCUSSING MAJOR POLICY ISSUES WITH PAPIER-MACHE FOREIGN OFFICE THAT LACKS STRENGTH, WEIGHT AND CLOUT IN MAGYAR DECISION-MAKING PROCESS IS UNSATISFACTORY. FONMIN PUJA, HIS DEPUTIES, AMBASSADORS AND OTHER SUBORDINATE OFFICIALS DO NOT REPEAT NOT POSSESS POLITICAL INFLUENCE IN BUDAPEST: THEY FOLLOW INSTRUCTIONS, THEY REPORT, THEY ANALYZE EVENTS. SOME OBSERVERS SAY THEY ACT AS HONEST BROKERS IN HUNGARY'S DEALINGS WITH FOREIGN, NON-COMMUNIST GOVERNMENTS; WE QUESTION THE USE OF THE ADJECTIVE. FEW WOULD HOLD THAT PUJA AND HIS STAFF AT HOME AND ABROAD ARE CONFIDENTIAL

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EITHER RELIABLE REPORTERS OR OBJECTIVE ANALYSTS; IN FACT, AS IS WELL KNOWN, THE ENTIRE HUNGARIAN FOREIGN AFFAIRS APPARATUS IN COUNTRY AND OUT OF COUNTRY IS HONEY-COMBED WITH OFFICIALS FROM ALLAMI VEDELMI HATOSAG (AVH) (HUNGARIAN SECRET POLICE). PUJA DOES NOT CONTROL THEIR ASSIGNMENTS OR THEIR CAREER ADVANCEMENT; THEREFORE, PUJA DOES NOT HAVE THEIR GENUINE ALLEGIANCE.

3. AT SOME POINT ONE WOULD HOPE TO BE ABLE TO INVITE GYENES AND SOME OF HIS PARLIAMENTARY COLLEAGUES TO VISIT U.S. TO MEET WITH MEMBERS OF U.S. SENATE AND HOUSE OF REPRESENTATIVES. ONE WOULD ALSO HOPE IN DUE COURSE TO INDUCE GYENES AND ANTAL APRO (PRESIDENT OF HUNGARIAN PARLIAMENT) TO INVITE MEMBERS OF U.S. CONGRESS TO VISIT BUDAPEST TO CONFER WITH THEM AND WITH THEIR COLLEAGUES.

4. EMBASSY RECOGNIZES FULL WELL THAT IN THIS ENDEAVOR TO REACH AND ESTABLISH EFFECTIVE CONTACT WITH HSWP CENTRAL COMMITTEE FOR DISCUSSION OF MAJOR POLICY ISSUE LIKE CSCE IMPLEMENTATION, IT MUST DO NOTHING TO OFFEND PUJA, MARJAI, RACZ, NAGY AND THOSE IN FONOFF WITH WHOM IT MUST TREAT ON REGULAR DAY-TO-DAY BUSINESS. FOR THAT REASON WE PROPOSE TO ALLOW PUJA TO KNOW THAT EMBASSY SEEKS APPOINTMENT FIRST WITH HIM, AND THEN WITH GYENES SHORTLY THEREAFTER. SIMILARLY, EMBASSY PLANS TO SPRING NO SURPRISES THAT COULD POSSIBLY EMBARRASS PUJA; IT PLANS TO DISCUSS SELF SAME SUBJECTS IN SELF SAME WAY WITH BOTH FONMIN PUJA AND WITH HSWP CC MEMBER GYENES.

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FM AMEMBASSY BUDAPEST

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INFO AMEMBASSY BELGRADE

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5. SINCE EMBASSY WISHES ENHANCE PROSPECTS THAT THIS APPROACH ON CSCE IMPLEMENTATION WILL DEVELOP INTO DIALOGUE, IT STRONGLY BELIEVES IT SHOULD CONDUCT INITIAL PROBES AT POLOFF AND DCM LEVELS IN PHASED APPROACH. UNLESS WE ENGAGE INPHASED, GRADUALIST APPROACH, PUJA IS PRONE TO LAPSE INTO HIS OLD WAYS: 1) TO SIMPLY LISTEN, TAKE NOTES AND THEN DECLARE THAT HE WILL CONFER WITH HIS MINISTERIAL COLLEAGUES AND OTHER AUTHORITIES OR 2) TO DELIVER HIMSELF OF PARAGRAPHS OF TRITE, WELL-REHEARSED CANT. HOWEVER, IF AS WE RECOMMEND, POLOFF AND DCM HAVE ALREADY PLOUGHED THE GROUND BEFOREHAND, PUJA WILL BE FOREWARNED AND FONOFF STAFF WILL BE IN POSITION TO PREPARE SUBSTANTIVE BRIEF FOR HIM-- AND HOPEFULLY FOR GYENES.

6. AS A FIRST STEP POLOFF (SMITH) WOULD VISIT WITH PETRAN AND DISCUSS IN GENERAL TERMS:
A) HUMANITARIAN ISSUES - DIVIDED FAMILIES: POLOFF
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WOULD RECALL SUBSTANCE OF DEPSEC INGERSOLL'S INITIATIVES WITH PUJA AND MARJAI AND GYENES IN MID-SEPTEMBER. NUMBER OF OUTSTANDING CASES IS SMALL (LESS THAN 20); AND, IN RELATION TO REST OF EE, HUNGARIAN RECORD IS QUITE GOOD. NEVERTHELESS, SMALL NUMBER OF CASES CREATES DISAPPORTIONATE AMOUNT OF EMOTION AND MISUNDERSTANDING WHICH TROUBLES OUR BILATERAL RELATIONS. EMBASSY HAS ALREADY INFORMALLY PRESENTED LIST OF OUTSTANDING DIVIDED FAMILY CASES TO CONSULAR DIVISION OF MFA. POLOFF WOULD THEN INQUIRE ABOUT PROSPECTS FOR MORE EFFICIENCY AND GREATER SPEED IN GRANTING OF EXIT PERMITS SO THAT WHOLE BACKLOG MIGHT AT SOME POINT BE ELIMINATED. POLOFF MIGHT ADD THAT IT IS DIFFICULT FOR USG TO RESPOND TO CITIZENS WHO CHARGE THAT GOH PUNISHING INNOCENT THIRD PARTIES BY DELAYING, FOR LONG PERIODS, ISSUANCE OF VISAS TO FAMILY MEMBERS OF THOSE WHO "ILLEGALLY" LEFT HUNGARY.

B) ECONOMIC-COMMERCIAL SPHERE: POLOFF WOULD NOTE WITH SATISFACTION FACILITIES WHICH HUNGARIANS HAVE MADE AVAILABLE TO PANAM AND ITS PERSONNEL; HE WOULD EXPRESS HOPE THAT REQUESTS FROM FIRST NATIONAL CITY BANK PENDING SINCE MAY 1975 WILL NOW MOVE FORWARD TO EQUALLY SATISFACTORY OUTCOME BUT AT MORE RAPID PACE. HE WOULD INQUIRE AS TO STATUS OF DOW CHEMICAL'S OCTOBER 29, 1974 REQUEST TO OPEN BUDAPEST OFFICE (BUDAPEST 3051 OF NOVEMBER 1, 1974). HE WOULD EXPRESS HOPE THAT GOH THROUGH ITS MINISTRIES AND CHAMBER OF COMMERCE WILL ASSIST AMERICAN FIRMS IN GAINING GREATER ACCESS TO END USERS,

DIRECT CONTACT WITH ENTERPRISES AND CEASE TO CONFINE AMERICANS TO DEALING WITH FOREIGN TRADE ORGANIZATIONS WHICH HAVE PROVED IN SOME CASES TO BE INEFFECTIVE INTERMEDIARIES AND BARRIERS TO DEVELOPMENT OF BILATERAL TRADE. HE WOULD ALSO INQUIRE WHETHER HUNGARY WILLING TO GRANT MULTIPLE-ENTRY VISAS TO LEGITIMATE BUSINESS REPRESENTATIVES OF AMERICAN FIRMS--BOTH U.S. CITIZENS AND THEIR FOREIGN EMPLOYEES--ESPECIALLY THOSE PERSONS WHO ARE ENGAGED IN SERVICING AND RE-SUPPLY OPERATIONS. PRESENT PRACTICE OF ISSUING 30-DAY TOURIST VISA WITH REQUIRED PURCHASE OF TOURIST FORINTS INFLATES COSTS BORNE BY AMERICAN FIRMS, ESCALATES PRICES CHARGED TO HUNGARIAN CUSTOMERS AND SOMETIMES EVEN LESSENS FREQUENCY OR DIMINISHES QUALITY OF SERVICE TO WHICH PURCHASER IS ENTITLED. CONFIDENTIAL

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C) CULTURAL - INFORMATIONAL: POLOFF WOULD NOTE THAT EMBASSY PUT FORWARD TO GOH ON SEPTEMBER 10 DRAFT CULTURAL/SCIENTIFIC/INFORMATIONAL AGREEMENT; AND THAT USG HAS ALREADY DESIGNATED AMERICAN NEGOTIATOR, THE AMBASSADOR. U.S. LOOKS FORWARD TO BEGINNING NEGOTIATIONS JUST AS SOON AS HUNGARIAN AUTHORITIES HAVE DETERMINED THEIR POLICY POSITION; USG PLACES GREAT STORE ON EXPANDING AMERICAN INFORMATIONAL ACTIVITIES TO NORMAL LEVEL WITH VIEW TO IMPROVING UNDERSTANDING BETWEEN THE TWO PEOPLES JUST AS SOON AS GOH CAN AGREE THAT TIME IS RIPE.

(1) EMBASSY HAS ALREADY IDENTIFIED AND SUBMITTED TO DEPARTMENT, IN REPLY TO REQUEST FROM WASHINGTON, TWENTY (20) DIFFERENT AREAS WHICH APPEAR PROPER SUBJECTS FOR BILATERAL SUBSIDIARY AGREEMENTS AS SOON AS OVERALL EXCHANGES AGREEMENT HAS BEEN SIGNED AND COME INTO FORCE. DEPARTMENT HAS JUST COMMENTED ON OUR RECOMMENDATIONS; AND EMBASSY IS NOW ENGAGED IN MORE DETAILED STUDIES. WE EXPECT THAT HUNGARIAN SIDE HAS UNDERTAKEN PARALLEL PREPARATORY WORK. WE LOOK FORWARD TO SECURING CONSTRUCTIVE AND POSITIVE RESULTS THAT WILL PROMOTE GREATER MUTUAL UNDERSTANDING BETWEEN HUNGARIAN AND AMERICAN PEOPLES SOON REPEAT SOON AFTER CONCLUSION OF OVERALL CULTURAL AGREEMENT AND ARE ALREADY TAKING STEPS TO INSURE THAT NO BUREAUCRATIC IMPEDIMENTS ON OUR SIDE PREVENT US FROM ATTAINING THAT GOAL. WE ARE PRAGMATIC. WE SEEK PRACTICAL RESULTS.

(2) POLOFF WOULD ALSO NOTE THAT U.S. EXPECTS THAT HUNGARY LIKE ALL OTHER SIGNATORIES OF HELSINKI DECLARATION WILL HONOR COMMITMENT TO ALLOW INCREASED AVAILABILITY OF AMERICAN AND OTHER FOREIGN NEWSPAPERS, MAGAZINES, BOOKS AND FILMS TO THEIR PUBLIC; AND THAT HUNGARY TOO WILL ALLOW AMERICAN AND OTHER FOREIGN SCHOLARS GREATER ACCESS TO ITS LIBRARIES AND RESEARCH INSTITUTES WITH FEWER BUREAUCRATIC HINDRANCES. POLOFF WOULD ALSO INQUIRE WHETHER GOH READY TO ISSUE MULTIPLE-ENTRY VISAS TO AMERICAN JOURNALISTS

AND MEDIA REPRESENTATIVES AS SOME OTHER CSCE SIGNATORIES
HAVE AGREED TO DO.

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FM AMEMBASSY BUDAPEST

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INFO AMEMBASSY BELGRADE

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LIMDIS

(3) POLOFF WOULD SAY THAT U.S. HOPES IN DUE COURSE
THAT U.S. WILL FIND IT POSSIBLE TO ENGAGE IN NORMAL,
REGULAR INFORMATIONAL, EDUCATIONAL AND CULTURAL ACTIVITIES
IN HUNGARY AT SAME LEVEL AS IN OTHER SIGNATORY STATES,
AND AT PRECISELY SAME LEVELS AS OTHER SIGNATORY STATES
ENGAGE IN SUCH NORMAL ACTIVITIES IN HUNGARY. HE WOULD
THEN INQUIRE AS TO GOH'S PLANS TO EXPAND, MODIFY OR ALTER
ITS INFORMATIONAL/EDUCATIONAL/CULTURAL ACTIVITIES IN THE U.S.

D) CBM'S: POLOFF WOULD MAKE ONLY PASSING REFERENCE TO
CBM'S, RECALLING HIS EARLIER CONVERSATION WITH PETRAN
(BUDAPEST 3428). HW WOULD ADD THAT IN DUE COURSE U.S.
WOULD HOPE FOR AFFIRMATIVE RESPONSE FROM HUNGARY TO
WESTERN INVITATIONS TO SEND OBSERVERS TO WITNESS MILITARY
MANEUVERS; AND USG ENTERTAINS EQUALLY HIGH HOPES THAT

HUNGARY WILL IN DUE COURSE IN SPIRIT OF HELSINKI SUMMIT
INVITE U.S. OBSERVERS TO WITNESS ANY LARGE MILITARY
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MANEUVERS CONDUCTED ON ITS SOIL. IT REMAINS U.S. BELIEF
THAT FULL AND FAITHFUL COMPLIANCE WITH LETTER AND SPIRIT
OF HELSINKI DECLARATION CANNOT FAIL TO IMPROVE POLITICAL
ATMOSPHERE AND THUS ASSISTS MBFR NEGOTIATIONS IN VIENNA
TOWARD CONSTRUCTIVE RESULTS. MOREOVER MANNER IN WHICH
THOSE STATES PARTICIPATING IN VIENNA DISCUSSIONS
IMPLEMENT CBM PORTION OF HELSINKI DECLARATION IS CERTAIN
TO BE CLOSELY OBSERVED BY THOSE CSCE SIGNATORIES WHO ARE
NOT PARTY TO MBFR NEGOTIATIONS. FULL COMPLIANCE WILL
SERVE TO REASSURE THOSE NON-PARTICIPATING GOVERNMENTS THAT
MBFR TALKS WILL IN FACT ULTIMATELY YIELD UNDIMINISHED
SECURITY AT LOWER LEVEL OF MILITARY CONFRONTATION FOR
ALL REPAREAT ALL EUROPEANS; LITERAL-MINDED LEGALISTIC
INTERPRETATIONS WILL NOT.

7. AS SECOND STEP DCM (MUDD) WOULD THREE OF FOUR DAYS
THEREAFTER VISIT WITH LASZLO NAGY (ACTING HEAD OF SECTIVON V
AND AMBASSADOR VARKONYI'S TEMPORARY REPEAT TEMPORARY
REPLACEMENT). DCM WOULD FIRST INQUIRE GENERALLY AS TO
HUNGARIAN PLANS TO IMPLEMENT CSCE IN LIGHT OF STATEMENTS
BY KADAR, PUJA, AND RECENTLY ANNOUNCED DECISION OCTOBER 24 BY
CENTRAL COMMITTEE OF HSWP
WITHOUT SOURCING HE WOULD DRAW ON SUBSTANCE OF CALLAGHAN-
KADAR JULY 28-29 CONVERSATIONS (BUDAPEST 2453) TO GET
SOME INDICATION OH HUNGARIAN THINKING AND PLANNING. DCM
WOULD THEN OBSERVE THAT INITIAL RESPONSES THAT POLOFF HAD
RECEIVED FROM AMBASSADOR PETRAN WERE (ENCOURAGING)
(REASSURING IN SOME RESPECTS) (INCOMPLETE) (SOMEWHAT
DISAPPOINTING). HE WOULD THEN COVER EXACTLY SAME POINTS
AND ATTEMPT DRAW LASZLO NAGY INTO GREATER SPECIFICITY.

8. A FEW DAYS LATER MCAULIFFE WOULD THROUGH FONOFF'S
PROTOCOL DEPARTMENT REQUEST BACK-TO-BACK APPOINTMENTS
WITH FONMIN PUJA AND WITH ANDRAS GYENES, CHAIRMAN OF
THE FOREIGN AFFAIS COMMITTEE OF HUNGARIAN PARLIAMENT
(AND, MOST IMPORTANTLY, SECRETARY OF HSWP CENTRAL
COMMITTEE FOR FOREIGN AFFAIRS).

9. IN MAKING MUCH THE SAME PRESENTATION TO PUJA, AND
SUBSEQUENTLY TO GYENES, MCAULIFFE WOULD NOTE THAT
HE WAS UNDER INSTRUCTIONS TO PURSUE AND EXPAND USEFUL
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DIALOGUE THAT POLOFF AND DCM HAD BEGUN AND TO TRY
TO INTRODUCE GREATER SPECIFICITY INTO DISCUSSIONS:

A) DIVIDED FAMILIES: TO BEST OF EMBASSY'S
KNOWLEDGE, THERE ARE ONLY SEVENTEEN (17) DIVIDED FAMILY
CASES PENDING WITH HUNGARIAN AUTHORITIES. EMBASSY
INFORMALLY AND UNOFFICIALLY AND AT WORKING LEVEL GAVE
LIST OF THOSE 17 CASES TO POLOFF ON SEPTEMBER 12; U.S.
HAS HANDLED THESE FAMILY REUNIFICATION QUESTIONS QUIETLY
AND PATIENTLY IN PAST AND WILL CONTINUE TO DO SO NOT
ONLY IN DEFERENCE TO WISHES EXPRESSED BY GOH BUT MORE
IMPORTANTLY BECAUSE WASHINGTON HONESTLY BELIEVES THIS IS
MOST EFFICACIOUS WAY TO ACHIEVE CONSTRUCTIVE RESULTS FOR
INDIVIDUALS WHO ARE SUFFERING MONTHS AND YEARS OF ENFORCED
SEPARATION. MCAULIFFE WOULD REVEAL THAT HE HAS INSTRUCTED
HIS TWO CONSULAR OFFICERS TO MAKE ONE APPOINTMENT EACH
WEEK HENCEFORTH WITH MFA'S CONSULAR DIVISION.
AT EACH SUCH SESSION AMERICAN CONSULAR OFFICER WILL
INTER ALIA INQUIRE ABOUT PROGRESS IN SOLVING ONE OR
TWO OF THESE SEVENTEEN CASES. DURING NEXT TWELVE MONTHS
MFA CAN THEREFORE EXPECT EMBASSY BUDAPEST TO RAISE EACH
OF SEVENTEEN CASES WITH GOH ORALLY, INFORMALLY BUT OFFICIALLY
AT LEAST THREE OR FOUR TIMES. NO CASE WILL HENCEFORTH LIE
DORMANT. EMBASSY WILL ROUTINELY REPORT TO WASHINGTON EACH
SUCH OFFICIAL APPROACH. THEN, IF AMERICAN RELATIVES INQUIRE
WHETHER EMBASSY HAS BEEN PURSUING THESE DIVIDED FAMILY
CASES, FULL UP-TO-DATE RECORD WILL BE ON FILE IN DEPARTMENT
OF STATE. THAT SAME RECORD WILL BE AVAILABLE TO SENATORS
AND MEMBERS OF HOUSE OF REPRESENTATIVES WHEN THEY INQUIRE
ON BEHALF OF THEIR CONSTITUENTS.

(1) MCAULIFFE WOULD ALSO SAY THAT IT IS GENERALLY
AND WIDELY RECOGNIZED IN WASHINGTON AND WEST EUROPEAN
CAPITALS THAT HUNGARY'S PAST RECORD IN TAKING INTO ACCOUNT
HUMANITARIAN CONSIDERATIONS HAS BEEN ONE OF THE VERY BEST.
IN FACT IT NOW APPEARS THAT, DUE PERHAPS TO RETARDED
DEVELOPMENT OR OUR OWN BILATERAL RELATIONS WITH BUDAPEST,
U.S. HAS MORE DIVIDED FAMILY CASES PENDING WITH HUNGARY
THAN DOES CANADA OR ANY OTHER WEST EUROPEAN GOVERNMENT.
WE RESPECT HUNGARIAN LAWS AND TRADITIONS; BUT WE DO
EXPECT SOME IMPROVEMENT AND SOME MOVEMENT ON THESE ISSUES.

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 4578

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

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AMEMBASSY SOFIA

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LIMDIS

(2) SPEAKING "PERSONALLY", MCAULIFFE MIGHT THEN GO ON TO SAY THAT POSITIONS OF PRESIDENT FORD AND SECRETARY KISSINGER WITH RESPECT TO TRADE ACT OF 1974 ALREADY WELL KNOWN TO ALL SENIOR HUNGARIAN OFFICIALS. USG RESPECTS HUNGARIAN SOVEREIGNTY AND RECOGNIZES ITS RIGHT AS FREE AND INDEPENDENT NATION TO REFUSE TO COMPLY WITH PROVISIONS OF TITLE IV, SECTION 402, OF 1974 TRADE ACT WHICH GOH VIEWS AS DISCRIMINATORY. USG EQUALLY AWARE OF HUNGARY'S TWIN GOALS IN NORMALIZING ITS BILATERAL RELATIONS WITH U.S.: MFN AND CROWN OF ST. ISTVAN. USG NOT UNAWARE THAT AMBASSADOR EXZTERGALYOS VERY WISELY ENDEAVORING IN WASHINGTON TO MAKE MORE CONTACTS ON CAPITOL HILL AND TO CREATE GREATER UNDERSTANDING IN U.S. OF GOH'S POSITION ON BOTH THESE ISSUES. BUT HUNGARIANS FOR THEIR PART CERTAINLY ALSO RECONGNIZE THAT USG, INCLUDING CONGRESS, CONFIDENTIAL

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ARE WAITING TO SEE HOW THESE DIVIDED FAMILY CASES ARE HANDLED IN WAKE OF CSCE SUMMIT. IF, BY CHANCE, AS DIRECT CONSEQUENCE OF HELSINKI SUMMIT THERE WERE RAPID MOVEMENT TOWARD SOLUTION OF THESE CASES AND EVENTUALLY NONE WERE PENDING, THIS HAPPY SITUATION WOULD MAKE EXZTERGALYOS' CONTACTS ON CAPITOL HILL MUCH MORE FRUITFUL. HE COULD THEN ARGUE MOST PERSUASIVELY AND WITHOUT FEAR OF CONTRADICTION THAT GOH'S OBJECTION TO FOREIGN TRADE ACT OF 1974 WHICH DENIES MFN TREATMENT TO HIS GOVERNMENT

IS PURELY AND SOLELY ONE OF PRINCIPLE SINCE IN
BUDAPEST'S VIEW THE PRESENT U.S. STATUTE IMPINGES ON
HUNGARIAN DOMESTIC MATTERS. THAT LINE OF ARGUMENTATION--
WITH NO DIVIDED FAMILY CASES TO HAGGLE ABOUT--WOULD
SUPPORT THE POSITION OF PRESIDENT FORD AND SECRETARY
KISSINGER WHO HAVE REPEATEDLY STATED THAT JACKSON-VANIK
AMENDMENT IS NOT EFFECTIVE; HUNGARY AND ITS REPRESENTATIVES
IN U.S. WOULD FIND SELVES IN DIGNIFIED AND ENVIABLE POSITION,
REFUSING SOLELY ON POINT OF PRINCIPLE TO ACCEPT MFN
BECAUSE OF LANGUAGE IN 1974 TRADE ACT WHICH THEY CONSIDER
OFFENSIVE; ADOPTION OF THAT POSITION COULD NOT FAIL TO
ENHANCE CHANCES THAT CONGRESS WILL IN DUE COURSE MODIFY
1974 TRADE ACT INTO MORE ACCEPTABLE FORM; EXPOSITION OF
THAT HUNGARIAN POSITION BY AMBASSADOR ESZTERGALYOS TO
EXECUTIVE BRANCH, TO CONGRESS, AND TO EXECUTIVES OF
MAJOR AMERICAN BUSINESS FIRMS SEEKING TO DO BUSINESS
WITH HUNGARY CANNOT FAIL TO IMPROVE MUTUAL UNDERSTANDING
AND ASSIST GOVERNMENT OF HUNGARIAN PEOPLE'S REPUBLIC TO
MAKE PROGRESS TOWARD ITS TWIN OBJECTIVES.

B) CULTURAL/INFORMATIONAL/SCIENTIFIC: MCAULIFFE
WOULD SAY THAT POLOFF AND DCM HAD ALREADY HAD USEFUL
EXCHANGES OF VIEWS WITH FONOFF WITH WHICH PUJA (GYENES)
UNDOUBTEDLY ALREADY FAMILIAR. HE WOULD PROFESS TO BE
PUZZLED BY GOH'S DELAY TO RESPONDING IN ANY FASHION
WHATEVER TO DRAFT AGREEMENT HE HAD PRESENTED TO DEPFONMIN
NAGY ON SEPTEMBER 10. ALMOST TWO MONTHS HAD NOW ELAPSED
AND GOH HAD YET TO DESIGNATE ITS
NEGOTIATOR. IF USG
HAD MISJUDGED SITUATION AND PROSPECT OF CULTURAL/
EDUCATIONAL/SCIENTIFIC/INFORMATIONAL AGREEMENT WITH
UNITED STATES EMBARRASSES HUNGARIAN AUTHORITIES IN ANY
WAY, HE FELT CERTAIN THAT WASHINGTON WOULD-- ALTHOUGH
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WITH GENUINE REGRET -- AUTHORIZE HIM TO WITHDRAW THE
SEPTEMBER 10 PROPOSAL.

C) IRRESPECTIVE OF REPLY FROM (PUJA) (GYENES)
TO PREVIOUS QUESTION, MCAULIFFE WOULD MUSE THAT IT WAS
JUST POSSIBLE THAT HE, HIS EMBASSY AND USG GENERALLY
HAVE PROFERRED SO MANY PROPOSALS AND OPPORTUNITIES
AND VISITS IN RECENT MONTHS THAT AS RESULT OF AMERICAN
UNFAMILIARITY AND REGRETTABLE INSENSITIVITY TO HUNGARY'S
DOMESTIC AND FOREIGN POLITICAL SITUATION WE HAVE CAUSED
SOME DISCOMFITURE IN BUDAPEST. HE WOULD CITE OFFICIAL
VISITS BY DEPUTY AGRICULTURE SECRETARY CAMPBELL (MAY),
BY ASSISTANT TRANSPORTATION SECRETARY BINDER (SEPTEMBER),
BY DEPUTY SECRETARY OF STATE INGERSOLL (SEPTEMBER),
BY SECRETARY MORTON(OCTOBER) AND BY SECRETARY BUTZ(NOVEMBER),
THOSE VISITS CONSTITUTE CLEAR AND VISIBLE PUBLIC
MANIFESTATION OF U.S. INTEREST AT SENIOR LEVEL TO

LEARN MORE ABOUT HUNGARY, TO IMPROVE MUTUAL
UNDERSTANDING AND TO EXPAND RELATIONS TO NORMALCY.
EACH VISITOR HAS BEEN CORDIALLY RECEIVED; WE
CONSIDER THAT EACH SUCH VISIT HAS ACHIEVED TANGIBLE,
CONSTRUCTIVE RESULTS. BUT EMBASSY BUDAPEST AND
DEPARTMENT OF STATE HAVE NOT FAILED TO NOTE THAT,
ALTHOUGH MANY RETURN INVITATIONS ARE OUTSTANDING,
NOT A SINGLE HUNGARIAN MINISTER OR DEPUTY MINISTER HAS
VISITED U.S. DURING ALL OF 1975. EMBASSY HAS ALSO
NOTED THAT MANY SENIOR EXECUTIVES OF MAJOR AMERICAN
BANKS (CHASE MANHATTAN, MORGAN GUARANTY, CONTINENTAL
ILLINOIS, ETC) AND RESPECTED AMERICAN CORPORATIONS
(GENERAL MOTORS, CORNING, DOW, IBM, INTERNATIONAL
HARVESTER, ETC.) HAVE VISITED HUNGARY IN RECENT MONTHS
AND MANY HAVE EVEN CONSUMMATED SIGNIFICANT TRANSACTIONS
WITH THEIR HUNGARIAN COUNTERPARTS. EACH HAS BEEN
CORDIALLY RECEIVED. BUT EMBASSY HAS NOT FAILED TO NOTE
THAT PRESENCE OF THESE PROMINENT, RESPECTED AMERICAN
BANKERS AND BUSINESSMEN IS NEVER REPEATED NEVER MENTIONED
IN HUNGARIAN MEDIA, NOT EVEN IN VILAGGASZDASAG, WHEREAS
SIMILAR VISITS BY REPRESENTATIVES OF OTHER PROMINENT
FOREIGN FIRMS VERY FREQUENTLY ARE REPORTED. A SIMPLE
QUESTION COMES TO MIND: DOES AN "AMERICAN CONNECTION"
EMBARRASS HUNGARY?

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ACTION EUR-08

INFO OCT-01 ISO-00 SS-14 INR-05 CIAE-00 NSC-05 NSCE-00 L-01

SP-02 PM-03 CU-02 DODE-00 PRS-01 USIA-01 SAJ-01

ACDA-05 TRSE-00 EB-03 OMB-01 /053 W

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P R 011033Z NOV 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 4579

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW
USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 5 OF 5 BUDAPEST 3555

LIMIDIS

(1) IN SAME CONTEXT, AS FONMIN UNDOUBTEDLY KNOWS, EMBASSY PROPOSED IN NOVEMBER 1974 AN ADDITIONAL TEN (10) INDIVIDUAL LEADER GRANTS UNDER WHICH HUNGARIANS WOULD UNDERTAKE 30-45 DAY STUDY TOURS IN U.S. TOTALLY AT USG EXPENSE. WE INVITED/NOMINATIONS FROM KKI AT THAT TIME ORALLY AND IN WRITING AND HAVE SINCE RENEWED THAT INVITATION SIX TIMES ORALLY AND IN WRITING. WE HAVE YET TO RECEIVE A SINGLE NOMINATION; THE MONEY IS BUDGETED AND GOING TO WASTE. WASHINGTON AGENCIES ARE PUZZLED AND FEEL REBUFFED.

(2) ON FEBRUARY 5, 1969 THE U.S. SUBMITTED A NOTE TO THE GOVERNMENT OF HUNGARY PROPOSING THE JOINT RESCISSION OF THE U.S. NOTE OF SEPTEMBER 1955 AND THE HUNGARIAN REPLY WHICH RESTRICTED INFORMATIONAL ACTIVITIES BY HUNGARY IN THE UNITED STATES, AND BY THE UNITED STATES IN HUNGARY. IN THE LIGHT OF THE HELSINKI DECLARATION WHICH WAS CONFIDENTIAL

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SIGNED BY FIRST SECRETARY KADAR AND PRESIDENT FORD, WE WONDER WHETHER HUNGARY MIGHT NOW FIND IT POSSIBLE TO ACCEDE TO THE U.S. PROPOSAL. SIX YEARS AGO IT WAS PERHAPS UNTIMELY TO THINK IN SUCH TERMS. BUT TIMES HAVE CHANGED.

(3) IN TERMS OF SPECIFICS AMERICAN EMBASSY SEEKS ACCESS TO HUNGARIAN MAIL SERVICE. IF GOH ACCEDES, EMBASSY WILL -- IN FULL COMPLIANCE WITH APPLICABLE HUNGARIAN STATUTES--PROPOSE TO DISTRIBUTE CERTAIN OFFICIAL USG PERIODICALS ON A REGULAR BASIS TO INTERESTED HUNGARIAN NATIONALS AND TO INTERESTED HUNGARIAN INSTITUTIONS. AMONG THESE PERIODICALS ARE: ECONOMIC IMPACT, DIALOGUE, USA MAGAZINE (HUNGARIAN LANGUAGE VERSION), MONTHLY VOA SCHEDULE OF ENGLISH AND HUNGARIAN LANGUAGE BROADCASTS. IN ADDITION, EMBASSY WOULD PROPOSE TO ASK FONOFF OFFICIALLY WHETHER GOH WOULD LOOK WITH FAVOR ON OPENING OF AMERICAN LIBRARY AND/OR AMERICAN CULTURAL INSTITUTE ON SEPARATE PREMISES IN BUDAPEST IN MANNER GENERALLY COMPARABLE TO ACTIVITIES WHICH FRENCH AND ITALIAN GOVERNMENTS ALREADY SPONSOR.

D) GENERAL: CLOSING HIS PRESENTATION MCAULIFFE WOULD SAY THAT HE DEEPLY APPRECIATED OPPORTUNITY TO EXCHANGE VIEWS ON CSCE IMPLEMENTATION WITH (FONMIN) (CHAIRMAN OF FOREIGN AFFAIRS COMMITTEE OF HUNGARIAN

PARLIAMENT), THAT USG TAKING POSITIVE STEPS IN BUDAPEST
AND OTHER CAPITALS TO ADVISE EACH SIGNATORY OF ITS
THINKING WITH RESPECT TO IMPLEMENTATION OF HELSINKI
DECLARATION AND THAT IT WISHES EQUALLY TO ELICIT
THEIR ORIGINAL THINKING AND THEIR RESPONSES TO OUR
IDEAS. MCAULIFFE WOULD ALSO SAY THAT HE LOOKS FORWARD
TO MEETING AGAIN, PERHAPS AFTER TURN OF YEAR, WITH
(PUMA) (GYENES) TO REVIEW PROGRESS, TO
DISCUSS LATEST AMERICAN THINKING AND TO RECEIVE
HUNGARIAN PROPOSALS AS PLANNING TAKES FIRM AND
MORE SPECIFIC SHAPE.

10. ACTION REQUESTED: PLEASE INSTRUCT.
MCAULIFFE

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Message Attributes

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